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FISCAL IMPACT STATEMENT

LS 6389

BILL NUMBER: SB 106

NOTE PREPARED: Apr 4, 2005

BILL AMENDED: Mar 31, 2005

SUBJECT: Health Plan Evidence of Coverage; Faith-based DOC Transitional Programs.

FIRST AUTHOR: Sen. Lawson C

FIRST SPONSOR: Rep. Torr

BILL STATUS: 2nd Reading - 2nd House

FUNDS AFFECTED: X **GENERAL**
DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: (Amended) This bill has the following provisions:

- A. It allows the Department of Correction (DOC) to provide a transitional dormitory with faith-based programming at any state-operated correctional facility. It directs the DOC to submit a report to the Legislative Council on the progress of faith-based transitional dormitories. It directs the DOC Commissioner to report the progress of contracting with a faith-based organization to create a pilot project to operate faith-based transitional dormitories at state-operated correctional facilities.
- B. It allows an individual accident and sickness insurer, a group accident and sickness insurer, a health maintenance organization, and a limited service health maintenance organization to provide evidence of coverage and other specified documents in electronic or paper form. It specifies that a group accident and sickness insurer, a health maintenance organization, and a limited service health maintenance organization must include in enrollment materials information on obtaining evidence of coverage.

Effective Date: (Amended) Upon passage; July 1, 2005.

Explanation of State Expenditures: (Revised) *Provision A* -- The Department of Correction could incur added costs depending on how many transitional dorms it decides to develop at prison facilities by January 1, 2007. Under this bill, eligibility could be based on the following criteria:

- The offender has less than 24 months until the offender's expected release date.
- The offender's previous disciplinary history.
- Security risks.

- Demonstrated interest in the transitional program.
- Previous attempts to reside in a transitional dormitory at any penal facility.

Offender Population by Security Level – The Department of Correction reported that as of November 30, 2004, that 4,550 offenders had an earliest possible release date between 2006 and 2007 who were in Credit Class 1. Offenders in Credit Class 1 comply with a facility's rules and regulations and receive a day cut off from their length of stay for each day at that level. The following shows how these offenders are assigned by security level.

For women, two facilities house offenders who are in Levels 1, 2, 3, and 4. For men, 26 facilities house offenders in Levels 1 through 4.

Offenders in Credit Class 1 Projected to be Discharged Between 2006 and 2007 on December 16, 2004						
Security Level	Description	Number	Type of Housing	Men	Women	Total
1	Minimum Security	12	Dormitories	681	117	798
2	Low Medium	7	Dormitories	3,606	350	3,956
3	High Medium	5	Cells	452	15	467
4	Maximum Security	<u>5</u>	Cells	<u>127</u>	<u>—</u>	<u>127</u>
Totals		29		<u>4,866</u>	<u>482</u>	<u>5,348</u>

The number of staff needed to operate a transitional facility depends on the following factors:

- The type of program offered,
- The type of offenders in these facilities, and
- The physical design of the facility.

DOC Facilities – Facilities housing Level 3 and 4 offenders may incur additional expenses for implementing a transitional dorm. First, offenders in the Level 3 and 4 security facilities are housed in cells and require more intensive supervision than offenders in the medium security facilities. If more supervision in a transitional unit is needed, either additional staff would need to be hired or facility personnel may need to be reassigned from other units of the facility depending on administrative decision. Second, if no dormitories already exist on the facility campus, the facility may need to construct new dormitories. Building new dormitories would free up more cells to accommodate added offenders.

Since all offenders in Level 1 and 2 facilities are housed in dorms, the added costs for creating a transitional dorm are likely to be minimal.

Comparing Average Costs – Until May 17, 2002, DOC operated a transitional unit at the Westville Correctional Facility. As an illustration of the cost of a transitional dormitory, the following table shows the average cost per offender in FY 2002 for the transitional unit compared to the entire Westville Facility.

Comparing the Annual Cost per Offender for the Westville Transitional Unit with the Entire Westville Facility, FY 2002									
	Personal Services	Other Services	Services by Contract	Materials/Supplies	Equipment	Grants, Subsidies /Awards	Travel	Prev. Maint.	Total Costs
Entire Unit	\$15,572	\$1,067	\$303	\$1,583	\$135	\$125	\$6	\$237	\$19,029
Trans. Unit	\$17,247	\$553	\$200	\$401	\$507	\$37	\$41	\$0	\$18,985

Overcrowding in DOC facilities may contribute to at least some difficulty in developing a transitional dorm. Level 2 facilities were particularly overcrowded as of November 30, 2004, for both male and female offenders.

Rated Bed Capacity and Number of Offenders on December 31, 2004, By Facility Level				
	Facility Level	Bed Capacity	Ending Count	Percent Overcapacity
Men	1	1,046	1,277	122%
	2	5,862	8,375	143%
	3	3,552	4,544	128%
	4	3,899	5,006	128%
Women	1	238	219	92%
	2	624	1,169	187%
	3	349	388	111%

Pilot Project – The DOC Commissioner would be required to report progress in entering into a contract with a faith-based organization to create a pilot project to operate a faith-based transitional dormitory in DOC by September 1, 2005.

Reports to the Legislative Council – DOC would be required to initially report its progress in developing a faith-based transitional program one year after its inception and continue to provide a report to the Legislative Council on the transitional dormitory program on or before December 1 of each year.

Provision B -- If allowing electronic submission of evidence of coverage reduces administrative expenses for insurers and HMOs, the proposal could have an impact on state expenditures only to the extent that insurers or HMOs who contract with the state to provide health insurance pass all or part of the savings on to the state.

Explanation of State Revenues:

Explanation of Local Expenditures: *Provision B* -- The proposal could have an impact on local expenditures only to the extent that insurers and HMOs pass all or part of any savings gained from electronic submission on to the local unit.

Explanation of Local Revenues:

State Agencies Affected: All.

Local Agencies Affected: Units providing health insurance to employees.

Information Sources: Department of Correction.

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